



GENERAL PLAN

HOUSING ELEMENT

2006

Table of Contents

Introduction	2
Contents of the Housing Element	2
Efforts to achieve Citizen Participation.....	3
Requirements of State Law.....	3
Public Meetings and Hearings	3
Current City and County Housing Programs	5
County Housing Programs.....	5
Community Development Block Grants (CDBG).....	5
Home Program (Home Investment Partnership Act).....	5
Emergency Shelter Grant Program	5
Shelter Plus Care.....	5
Morgan Hill Housing Programs	6
Internal Consistency of General Plan.....	8
Evaluation of Achievements	20
Housing Goals, Policies and Actions	36
Goal 1. Adequate new housing to meet future community housing needs.....	36
Goal 2. Preservation of the existing housing supply	48
Goal 3. Adequate housing for groups with special needs.....	50
Appendix A: Public Participation	A-1
Meeting Minutes and Notices	
Appendix B: Housing Needs Assessment (<i>see Appendix B Table of Contents</i>)	

Introduction

Contents of the Housing Element

The Housing Element of the General Plan is a comprehensive statement by the City of Morgan Hill of its current and future housing needs and proposed actions to facilitate the provision of housing to meet those needs at all income levels. The policies contained in this Element are an expression of the statewide housing goal of “attaining decent housing and a suitable living environment for every California family,” as well as a reflection of the unique concerns of the community. The purpose of the Housing Element is to establish specific goals, policies, and objectives relative to the provision of housing, and to adopt an action plan toward this end. In addition, the Element identifies and analyzes housing needs, and resources and constraints to meeting those needs.

The Morgan Hill Housing Element is based on the following strategic goals: 1) adequate housing to meet future needs, 2) preservation of existing housing supply, and 3) adequate housing for groups with special needs.

In accordance with State law, the Housing Element is to be consistent and compatible with other General Plan Elements. Additionally, the Housing Element should provide clear policy and direction for making decisions pertaining to zoning, subdivision approval, housing allocations, and capital improvements. State law (Government Code Sections 65580 through 65589) mandates the contents of the housing element. By law, the Housing Element must contain:

- An assessment of housing needs and an inventory of resources and constraints relevant to meeting those needs.
- A statement of the community’s goals, quantified objectives, and policies relevant to the maintenance, improvement and development of housing.
- A program that sets forth a five-year schedule of actions that the local government is undertaking or intends to undertake to implement the policies and achieve the goals and objectives of the Housing Element.

The housing program must also identify adequate residential sites available for a variety of housing types for all income levels; assist in developing adequate housing to meet the needs of low- and moderate-income households; address governmental constraints to housing maintenance, improvement, and development; conserve and improve the condition of the existing affordable housing stock; and promote housing opportunities for all persons.

Although, by nature of the state mandate, the Housing Element tends to focus on the affordability and availability of housing for low- and moderate-income households and families, the Element must also address the housing needs and related policy issues for the entire community and be consistent with the adopted policies of the rest of the General Plan. For these reasons, the focus of the updated Housing Element will be on policies and programs that can balance the desire of residents to maintain the character of residential neighborhoods, manage traffic, minimize visual and other impacts of new development, while addressing the needs of low- and moderate-income households and special needs groups (such as seniors and individuals with disabilities).

Efforts to achieve Citizen Participation

Requirements of State Law

State law requires cities and counties to make a diligent effort to achieve participation by all segments of the community in preparing a housing element. Section 65583[c][6] of the California Government Code specifically requires that:

The local government shall make a diligent effort to achieve public participation of all economic segments of the community in the development of the Housing Element, and the program shall describe this effort.

The diligent effort required by State law means that local jurisdictions must do more than issue the customary public notices and conduct standard public hearings prior to adopting a Housing Element. State law requires cities and counties to take active steps to inform, involve, and solicit input from the public, particularly low-income and minority households that might otherwise not participate in the process. Active involvement of all segments of the community can include one or more of the following:

- Outreach to community organizations serving low-income, special needs, and underserved populations;
- Special workshops, meetings, or study sessions that include participation by these groups;
- Establishment of an advisory committee with representatives of various housing interests; and
- Public information materials translated into languages other than English if a significant percentage of the population is not English proficient.

To meet the requirements of state law, the City of Morgan Hill has undertaken the following public outreach and community involvement activities.

Public Meetings and Hearings

To meet the requirements of state law regarding public participation, Morgan Hill relied on two primary strategies. First, the City convened a task force to advise the City in the development of the Housing Element. The task force included representatives of the real estate industry, lending institutions, homebuilders, affordable housing organizations, public agencies that serve special needs groups, the City Council and the Planning Commission. The task force met five times during key points in the process.

Second, the City conducted two public workshops before the City Council and Planning Commission to identify key issues on which to focus the Housing Element update, review the City's achievements in implementing actions under the previous Housing Element, and seek public input on proposed modifications to existing policies and programs. The first public workshop was held on October 29, 2001, and the second on December 12, 2001. Community organizations and public agencies that were invited to attend the workshops included:

- Legal Aid Society of Santa Clara County
- Greenbelt Alliance

- Emergency Housing Consortium
 - Habitat for Humanity
 - Community Solutions*
 - South County Housing*
 - Santa Clara County Housing Authority*
 - Silicon Valley Manufacturing Group*
 - Santa Clara County Housing Action Coalition*
- *Members of the City's Housing Element Task Force

In addition to the public workshops, a joint public meeting and public hearings were conducted before the Planning Commission and the City Council on the draft and final versions of the Housing Element to provide additional opportunities for public input.

A joint meeting of the Planning Commission and City Council was conducted on December 12, 2001 with opportunities for public comment on the draft Housing Element prior to submittal to the California Department of Housing and Community Development for review. Notice of the joint public meeting was sent to the same organizations listed above and to the community at large through the City's customary public notification process. Notification included publication in a community newspaper of general circulation, posting on the City's web site, posted notices at City Hall and other public establishments, and public service announcements to local media, including local cable access television.

Public hearings before the Planning Commission on the final Housing Element were conducted on June 27 and July 11, 2006. The City Council adopted the Housing Element at a public hearing on July 19, 2006. Notice of those meetings included publication in a community newspaper and posting on the City's

Facsimiles of the public notices and minutes of the public workshops are included in Appendix A.

Current City and County Housing Programs

County Housing Programs

The Santa Clara County Community Development Commission/Housing Authority administers the Section 8 Housing Assistance Payments Program (HAPP). This program links landlords with tenants eligible for rental assistance. HAPP guarantees landlords fair market rent while providing subsidies for tenants in rental properties. HAPP tenants are those elderly, handicapped, or low-income families needing help to secure decent housing. Morgan Hill is participating in this program that encourages landlords to accept Section 8 vouchers, and will be on the list of cities in the rent subsidy program. The County has four Federal grant programs to assist eligible persons seeking permanent, transitional, or emergency housing-related services.

Community Development Block Grants (CDBG)

Morgan Hill participates in the Santa Clara County CDBG program that provides funding to nonprofit agencies to enable them to offer housing and housing-related services to eligible lower-income persons including seniors, persons with disabilities, and the homeless and battered spouses. The Program provides funding for acquisitions, construction, or rehabilitation of affordable housing to lower-income persons. Each of the Urban County cities develops its own CDBG program. Each city has a housing rehabilitation program offering low-interest loans or grants for home repair to qualified Urban County residents. Individual initiative and the use of CDBG funds have helped. In previous years the CDBG program has been used to assist with home improvement for applicants that meet the income guidelines

Home Program (Home Investment Partnership Act)

This program provides loans and grants to nonprofit organizations to assist with financing to develop permanently affordable housing through acquisition, construction, or rehabilitation.

Emergency Shelter Grant Program

The Emergency Shelter Grant Program (ESG) provides grants to nonprofit organizations operating existing homeless shelters for rehabilitation of the facility, maintenance and operations, essential supportive services and prevention of homelessness.

Shelter Plus Care

Shelter Plus Care (S+C) provides a five-year rent subsidy to homeless/disabled individuals and their families to assist them in securing permanent affordable rental housing. Applicants must be currently homeless and must be diagnosed with one of the following disabilities: mental illness, HIV/AIDS, or a drug and/or alcohol dependency. In addition to rent subsidy, the program also arranges for various treatment services and case management. S+C clients are required to pay 30 percent of their monthly income toward rent; S+C pays the balance

Morgan Hill Housing Programs

The City of Morgan Hill provides a number of programs through the Housing Division of the Morgan Hill Redevelopment Agency to assist housing problems. As of November 2001, the Agency had an unencumbered cash balance in its Housing Set-Aside fund of \$2 million, and estimates that between 2001 and 2005, an additional \$16.5 million in Set-Aside funds will become available to support the Agency's housing programs.

The City of Morgan Hill Below Market Rate Housing Program (BMR) helps qualifying buyers obtain affordably priced homes. Between 1990 and 1997, 185 new BMR housing units have been produced in Morgan Hill of which 93 were lower-income, 86 were median-income, and six were moderate-income units. Since 1998, 67 units were constructed under this project including 61 lower-income units and six median-income units. A total of 252 units have been constructed under this program since 1990. Program participants must be income eligible and are placed on a waiting list until an affordable unit is placed on the market. The waiting list for low-income housing has been closed as of June 2001 due to the large interest in the program. When an eligible person's name reaches the top of the waiting list, and a BMR home becomes available, the eligible person may determine whether or not they wish to purchase the home. If three homes are declined, the eligible person is moved to the bottom of the waiting list. This program helps lower and moderate-income households purchase homes that are affordable and adequate to their needs. It also prevents affordable homes from being sold to persons with little or no income obstacles, maintaining a larger base of affordable homes in the area. Home prices range from \$128,055 for a low-income, two-bedroom home to \$309,284 for a moderate-income, four-bedroom home.

In addition to the BMR Homeownership Program, the City offers the BMR Rental Program to provide rental assistance to lower-income households. Since 1990 the program has assisted 85 households, plus an additional 148 households from a Federal Tax Credit project not assisted by the City. Program participants must be income eligible and be a resident of Santa Clara County or employed in Morgan Hill. Eligible participants are placed on a waiting list and must reapply annually. Households on the waiting list must also meet the requirements of the owner/agent to receive housing. These requirements may include a credit check, references, ability to meet deposit requirements, etc. to ensure the owner/agent that the potential tenant is responsible. Tenants under the program must re-certify annually that they still qualify to be eligible to receive continued coverage. Current rental rates range from \$625-\$818 for a one-bedroom unit rented to a very low-income household, to \$1,475 to \$1,519 for a four-bedroom unit rented to a lower-income household. Rents include utilities.

The City also offers a Housing Rehabilitation Loan Program, where loans are given to lower-income single-family owner occupants and owners of rental housing with income-qualified renters in order to maintain and improve housing conditions, which also allows the City to maintain its stock of affordable housing. The loans are available to qualifying homeowners and owners of rental properties in which at least 51 percent of the rental units are occupied by lower-income tenants. Loans may be used for plumbing and heating, electrical and lighting work, earthquake retrofitting, fire prevention, security and safety items, roofing, handicapped accessibility, termite and dry rot repair, and other improvements approved by the City. Loans range from \$0 to \$65,000 depending on the work needed and the type of unit being repaired. Interest rates range from 3.0 percent to 7.0 percent for rental property loans and 3.75 percent to 6.75 percent for owner occupied properties. The maximum loan term is 20 years, and may be amortized or deferred. Loans are financed through Redevelopment Agency (RDA) 20 Percent Set-aside Funds and CDBG monies. In fiscal year 1999-2000, 11 single-family units were rehabilitated. Since 1987, 28 property owners have received loans under CDBG financing and 43

property owners have received loans under the RDA Set-aside Funds. Therefore, a total of 71 property owners have received assistance through this program.

The City's Minor Home Repair Grant Program is broken into two subprograms: the Senior/Special Needs Housing Repair Program and the Mobile Home Repair Program are administered by the Business Assistance and Housing Services Department. Although eligibility requirements slightly differ, both programs allow eligible applicants to receive a home repair grant up to \$5,000. No repayment is required, as funding is made possible by the City's Redevelopment Agency Set-aside Funds for low-income housing repair. Eligible persons must meet homeownership, age, disability, and income requirements for the Senior/Special Needs Housing Repair Program or mobilehome ownership and income limits for the Mobile Home Repair Program. Eligible repair work includes: plumbing and heating, electrical and lighting work, earthquake retrofitting, fire prevention, security and safety items, roofing, handicapped accessibility, termite and dry rot repair, and other improvements approved by the City.

Housing Set Aside Projections for 2000 through 2004 estimate \$13,987,820 will be available for housing rehabilitation loans (30 percent or 190 loans), senior housing and mobile home repair grants (15 percent or 300 loans), below market rate housing (5 percent), and new development/major rehabilitation/special programs (50 percent or 200 projects).